

PACIFIC TELESIS GROUP
 Reply Comments on 2 GHz Licensed PCS

Interest: Regional Bell Operating Company

Band plan:

- Supports 3 licenses of 25 MHz each, with 65 MHz for unlicensed devices (20, 43-45).
- More than 3 licenses should not be awarded since adequate competition will result; OPP's contrary results use aggressive assumptions regarding usage (0.03 Erlangs vs 0.009), commissions as a cost of business, total penetration of PCS (48 percent of all US POPs), and timing of market saturation (only 5 years) (20-25).

Amount of spectrum per licensed system: 25 MHz (43)

Service areas:

- National licenses will not correct defects inherent in the cellular authorization process (cellular delays resulted from the changes in the licensing scheme) (25-30).
- The benefits of national licensing are illusory because the US is not like other countries (the US has nationwide cellular service without a national licensee like other countries); standards can be derived in less draconian and more beneficial ways; roaming can be achieved without national licensees (e.g., cellular); and no data has shown economies of scale for national licensees (30-33). National license proposals are unnecessary and self-serving (41).
- Commission policies have supported localism for a number of valid policy reasons and national licenses are generally only awarded for services that can only be provided on a national scale or for which a verified demand for nationwide coverage was demonstrated (33-36).
- National licensing schemes are flawed since they preclude participation (arguments that local participation can be achieved through franchising ignore that only a large number of independent licensees will achieve maximum rewards); slow deployment; and involve complex administrative overlays (whether tiers or consortia) (36-38).
- Mixed licensing areas, such as those proposed by MCI, (i.e., some nationwide and some regional) will skew competition (38).
- Other nationwide proposals are also flawed: (1) PCN America's scheme has only speculative benefits, a similar scheme was previously rejected, and implicates antitrust

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concerns; (2) Bell Atlantic's scheme lacks empirical support and ignores sunk costs that may preclude moving to a more optimal technology; (3) CELSAT's hybrid satellite-terrestrial proposal is costly, has no advantages over terrestrial systems, and incorrectly asserts economies of scale will result; (4) Powerspectrum's proposal is contrary to the position of almost all other commenters and incorrectly identifies economies of scale; (5) Time Warner's arguments ignore the risks of selecting suboptimal technology (39-41).

Local exchange carrier participation:

- As many commenters have argued (and experts have testified), LECs should be allowed to participate because existing infrastructure and expertise can be used to deploy PCS; LECs should not be deprived of the ability to use modern technology in their networks; and the OPP paper supports LEC eligibility with showings of economies of scope and scale as well as benefits of ubiquity of LEC transport and switching systems (3-8).
- Opposition to LEC eligibility is misguided; fears of cross-subsidization and anticompetitive conduct have not materialized in the past and can be addressed through safeguards (8-9, 14-20).
- LECs with cellular holdings also should be eligible since a LEC affiliate's spectrum may not always be available to the LEC; DOJ's analysis ignores other competitors to PCS; DOJ's position is tentative, speculative, cursory, and contradicted by other commenters (9-13).
- PacTel, Pacific Bell and Pacific Telesis Group are all actively promoting PCS (13-14).

Licensing policies:

- Lotteries should be used to select licensees, with a provision to recognize work accomplished by applicants (42-43).

Technical standards:

- PacTel agrees with commenters, including TIA, Cox, CSI, and SWB, that a CAI is needed to ensure interoperability (45-46).
- The European experience supports a CAI developed using industry standards groups (46-47).

Other issues:

- 911 interfaces for PCS should be developed (49).

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PCN AMERICA, INC.
Reply Comments on 2 GHz Licensed PCS

Interest: Proponent of PCS

Band plan:

- Finds virtually unanimous agreement that 1850-1990 MHz are the appropriate frequencies for PCS (2-3).

Amount of spectrum per licensed system:

- PCN America's proposal for two licenses of 40 MHz each is supported by the major independent PCS proponents. These comments demonstrate that 40 MHz is necessary for PCS providers to compete with other communications service providers (3-5).
- No persuasive arguments were presented that 20 MHz will permit the development of a viable PCS system sharing spectrum with microwave users. Rather, cellular companies have advocated this proposal solely to ensure PCS will pose no threat to existing cellular services (6-7).

Service areas:

- Majority of major independent PCS proponents recommend 49 Major Trading Areas. Submits that a percentage of each MTA could be relinquished for local licenses (9).
- Understands LECs'/cellular providers' preference for MSAs/RSAs as these small service areas would prevent independent PCS operators from competing with the largely consolidated cellular industry (9-10).
- Believes there is no merit to national licenses for PCS (such as proposed by MCI) as this would cause the PCS industry to be controlled by a few powerful entities, thereby stifling innovation and competition. MCI's proposal appears nothing more than a bold stroke to create its own alternative local network to reduce access charges (12).

Licensing policies:

- Supports comparative hearings (12-13).

Technical standards:

- Other commenters echo PCN America in arguing that the EIA-10E criteria are much too conservative for use in today's crowded spectrum environment (8).

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- Proposes creation of a non-profit National Network Operator consortium for each frequency block that would set engineering standards for PCS networks and provide for nationwide interconnection, roaming and billing. Consortium would be required to form after the regional licensees for a frequency band are selected (10-12).

Other:

- Emphasizes that it is one of the few parties in the proceeding that approaches PCS from the independent, unbiased standpoint of a company whose only interest is as a potential PCS licensee (1-2).

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PERSONAL COMMUNICATIONS NETWORK SERVICES OF NEW YORK, INC.
Reply Comments on 2 GHz Licensed PCS

Interest: PCS proponent (subsidiary of LOCATE)

Cellular carrier participation:

- Aside from companies having cellular interests, the comments support barring cellular licensees from providing PCS in their service areas. Economies of scope that may be achieved through the use of the cellular network do not outweigh the anti-competitive costs of cellular participation (11-12).

Local exchange carrier participations:

- LECs outside of rural areas should be barred from participating in PCS in their service areas. Interconnection and resale of LEC capacity provides the same benefits as LEC participation but does not raise the same threat of anti-competitive behavior (12-14).

Licensing policies:

- The support of commenters for the award of PCS licenses through expedited comparative hearings requires the Commission to reassess its tentative decision against this licensing mechanism. Only comparative hearings will ensure the licensing of committed and technically able entities. PCNS-NY and other commenters have provided several proposals for expediting the comparative hearing process, such as use of a published point system to rank applicants (3-5).
- Supports proposal of Small Business PCS Association to set aside one license in each market for a "small radiotelephone communications company." This proposal requires that a small business that applies for a PCS license demonstrate that it qualifies as a small business and that it has experience operating a radio-based system that has at least 100 subscribers (5-7).
- The licensing process should also recognize and credit small companies that have participated in the development of PCS through experimentation, since small companies take a greater risk when investing in new technologies (7).
- If the lottery process is used, supports proposals for stringent eligibility requirements based on factors other than the ability to pay a high filing fee (8-11).

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PERTEL, INC.
Reply Comments on 2 GHz Licensed PCS

Interest: Joint venture of Westinghouse Communications, Harron Communications and the controlling principals of Douglas Cable Communications.

Amount of spectrum per licensed system:

- Numerous independent parties support 40 MHz blocks of spectrum for PCS, with additional spectrum held in reserve for future needs. (pp. 1-2).

Service areas:

- There is consensus among independent potential PCS operators that 49 Major Trading Areas should be used as PCS licensing areas. (p. 2).

Licensing policies:

- At least some significant percentage of licenses should be awarded by streamlined comparative hearings. (p. 2-3).
- No party supporting lottery mechanisms has addressed the proposals that have been made for streamlined comparative hearings. (pp. 4-5).
- A national license, such as that proposed by MCI, is neither necessary nor advisable. To ensure interoperability, the FCC can require that licensees enter into a consoritum. (p. 6).

Other:

- Cellular companies, who almost universally have advocated five PCS licenses with 20 MHz each, lottery licensing procedures and MSA/RSA PCS service areas, have attempted to disguise their protectionist concerns as support for PCS. (pp. 3-4).

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PULSON COMMUNICATIONS CORPORATION
Reply Comments on 2 GHz Licensed PCS

Interest: Pioneer's preference applicant.

Band plan:

- The FCC should authorize at least three PCS providers in each market, with one frequency block reserved for future developers of innovative PCS technologies. (pp. 1-2).

Licensing policies:

- Opposes MCI's proposal for the issuance of three national licenses because small, innovative providers will be precluded from participating in PCS. (pp. 2-3).

Other:

- The large volume of comments in this proceeding demonstrates that the FCC should establish PCS without requesting further comments. (p. 1).

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ROCHESTER TELEPHONE CORPORATION
Reply Comments on 2 GHz Licensed PCS

Interest: Telephone company with exchange carrier facilities

Band plan:

- Supports five licenses per geographic area with 20 MHz of spectrum to each licensee. (pp. 11-12, 15).

Amount of spectrum per licensed system:

- Concurs with comments that 20 MHz of spectrum is more than sufficient to permit a licensee to provide service. (pp. 11-12).

Service areas:

- Continues to advocate MSA/RSA licensing; larger market definitions will unnecessarily restrict number of potential PCS providers. (pp. 12-13).
- Opposes national licenses, especially MCI consortium approach; nationwide licensing would provide those licensees with enormous competitive advantages and provide disincentives to interconnect with other service providers, defeating goal of seamless interconnection. (pp. 13-14).
- Criticizes consortium proposal as offering worst features of broadcast comparative proceedings; warns that Commission should not embroil itself in licensee qualification disputes. (p. 14).

Cellular carrier participation:

- Reiterates support for full cellular carrier eligibility; dismisses arguments of cross-subsidization and discrimination as unsubstantiated. (p. 4).
- Since PCS is likely to become both substitutable for and complimentary to cellular and landline exchange services, exclusionary conduct would be economically irrational; if a company attempted to discriminate, competitors would provide forms of interconnection requested by PCS providers. (p. 4).
- Exclusionary rules would remove participants most likely to be effective PCS providers and prevent realization of benefits of economies of scope; cites OPP Paper in support. (pp. 5-6).

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- States that cellular carriers and their exchange carrier affiliates should not be barred from holding PCS licenses; rule would exclude exchange carriers serving almost all of nation's access lines from holding PCS licenses with anticompetitive results. (p. 7).
- Asserts that concerns regarding undue concentration that could result from cellular carriers holding PCS licenses rests upon overly narrow market definition. (pp. 9-10).

Local exchange carrier participation:

- Continues to advocate unrestricted LEC participation in PCS for same reasons articulated in support of full cellular carrier participation. (p. 4).
- Restrictive entry rules are unnecessary and directly anticompetitive, removing those who are likely to be most effective PCS providers and sacrificing benefits of economies of scope. (pp. 4-6).
- Any residual concerns regarding discrimination or cross-subsidization can be addressed through appropriate and reciprocal interconnection policies and nonstructural safeguards. (p. 8).
- Notes that, under exclusionary rationale, cable operators, interexchange carriers, and competitive access providers should also be disqualified. (pp. 7-8).

Licensing policies:

- Supports streamlined comparative hearings as significantly reducing opportunity for speculation; if lotteries are adopted, supports stringent technical and financial qualification criteria, high filing fees and stringent post-award guidelines. (pp. 15-16).

**ROCK HILL TELEPHONE COMPANY, FORT MILL TELEPHONE COMPANY, AND
LANCASTER TELEPHONE COMPANY**
Reply Comments on 2 GHz Licensed PCS

Interest: Rural local exchange companies

Service areas:

- Continues to support MSA/RSA licensing scheme, but states that national licenses should also be considered under appropriate conditions, including local participation, full LEC participation, and award of national licenses on basis of modified comparative hearing process. (pp. 10-11).

Cellular carrier participation:

- Supports cellular participation in provision of PCS, noting that market considerations do not justify exclusion and that substantial technical limitations would adversely affect cellular providers' ability to deliver PCS over cellular frequencies. (p. 6).
- Cites OPP Paper's discussion of differences between cellular and PCS, and notes that current cellular frequency allocations will not be capable of supporting PCS without weakening the capabilities of both services. (pp. 6-7).

Local exchange carrier participation:

- Supports unrestricted local exchange carrier eligibility to provide PCS; benefits include universality, speed of deployment, diversity, and competitive delivery. (p. 4).
- States that cellular interests of local exchange carriers, particularly minority holdings, should not bar PCS eligibility; such restrictions would have disproportionate effect on smaller local exchange carriers who have minority interests in cellular systems or exercise no control over cellular systems. (pp. 5-6).
- Supports creation of spectrum reserve for all LECs operating in rural service areas; dismisses concerns over control of "bottleneck" facilities, stating: (1) LECs must implement new technologies like PCS to fulfill universal service obligations and to survive, and (2) sufficient anticompetitive safeguards are already in place. (p. 8).

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- Cites OPP Paper in support of contention that LEC provision of PCS with adequate safeguards is beneficial. (pp. 8-9).

Other:

- States that frequency allocation for LEC provision of PCS should be the same as for other licensed PCS providers, i.e., 20 MHz channel set should be reserved for local exchange carrier provision of PCS in RSAs. (p. 9).

ROCKY MOUNTAIN TELECOMMUNICATIONS ASSOCIATION
 Reply Comments on 2 GHz Licensed PCS

Interest: Association of telephone companies
 providing services throughout the Rocky
 Mountain Region of the United States

Local exchange carrier participation:

- States that LECs should be fully eligible for PCS licenses, citing resources, experience and expertise of LECs; in rural communities, and elsewhere, LECs have necessary infrastructure to allow economies of scale to be realized in providing PCS. (pp. 2-3).
- Dismisses anticompetitive concerns, noting that adequate safeguards exist and that benefits outweigh harms in allowing LECs to provide PCS within their respective service areas; moreover, other entities, including cable operators, are also providers of infrastructure needed for PCS so that telephone companies no longer hold a monopoly position. (pp. 3-4).
- States that proposed ban on issuance of PCS licenses to any entity holding an interest in a cellular license should not be applied to LECs; cellular and PCS will not necessarily compete directly; moreover, because a LEC often has only a minority interest in the wireline cellular system serving the MSA/RSA in which its certificated exchange service area is located, anticompetitive concerns are misplaced. (pp. 4-5).
- Supports set-aside of 25 MHz for wireline carriers as in public interest; wireline set-aside, available for licensing to each exchange carrier within its certificated service area, avoids need for lotteries, hearings, or auctions for this block of spectrum, speeding delivery of PCS to public. (p. 7).
- Notes that LECs will have vested interest in ensuring interoperability, as they have done with the PSTN. (p. 6).

Plan for relocating existing users:

- Supports guaranteed payment of all relocation costs and testing for comparability to existing 2 GHz system. (p. 10).

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Technical standards:

- Urges adoption of interference criteria which will take into consideration existing 2 GHz licensees in remote regions; includes engineering studies in support of request for further safeguards that would require notification and protection of licensees who rely on 2 GHz hops in order to bring service to their rural subscribers. (pp. 11-12).
- Notes that it is not clear that Commission proposed standard will adequately protect long microwave hops utilized in rural areas; these carriers should also receive adequate notice of proposed PCS operations during coordination process, and adequate protection. (p. 12).
- Requests that Commission resolve outstanding issue of "comparable alternative facilities" before definitive standard can be adopted for protection to existing licensees; definition is intertwined with issues surrounding interference protection standard, since definition must include reference to level of interference protection to which existing systems are entitled. (p. 13).

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ROOME TELECOMMUNICATIONS INC.
Reply Comments on 2 GHz Licensed PCS

Interest: Small, rural local exchange carrier

Other:

- Supports comments filed by Clear Creek Mutual Telephone Company, et al. (establish smaller license areas for rural PCS; refrain from restricting the eligibility of LECs to provide PCS in rural areas or exempt rural telcos servicing areas of 10,000 or less from any general LEC restrictions; impose minimal regulation on PCS providers; and permit cooperative rural telephone companies to elect private carrier status for their PCS offerings) (1).

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ROSEVILLE TELEPHONE COMPANY
Reply Comments on 2 GHz Licensed PCS

Interest: Local exchange carrier.

Cellular carrier participation:

- The OPP Paper recognized that there are substantial economies of scope to be realized in cellular provision of PCS. (p. 8).
- It is not wasteful to assign PCS spectrum to cellular providers because cellular providers cannot provide both cellular and PCS with existing cellular spectrum. (p. 9).

Local exchange carrier participation:

- The OPP Paper concludes that there are substantial economies of scope in the provision of PCS over LEC networks. (p. 3).
- The Illinois Commerce Commission also supported LEC eligibility, so long as nondiscriminatory interconnection access policies are developed. (p. 4).
- The New York Department of Public Service favored set-asides for LECs because the provision of PCS by LECs would reduce service costs and improve service quality for wireline customers. (p. 5).
- The NTIA also supported LEC eligibility. (p. 5).

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RURAL INDEPENDENT COALITION
Reply Comments on 2 GHz Licensed PCS

Interest: Association of independent telephone companies

Other issues:

- RIC has submitted an updated list of members showing new additions to the coalition (2-3).

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SOUTH CAROLINA PUBLIC SERVICE COMMISSION
Reply Comments on 2 GHz Licensed Devices

Interest: State public service commission

Local exchange carrier participation:

- Supports full LEC participation in PCS because it will advance LECs' universal service goals and speed deployment of PCS service. This rationale is not diminished where a LEC also has cellular interests (4-5).

Regulatory status:

- Concurs with the National Association of Regulatory Utility Commissioners that PCS should be classified as a common carrier service. Also agrees with several commenters that preemption of PCS regulation is not warranted (3-4).
- If PCS is to be competitor to local exchange service, reasonable interconnection must be required (3).

Other:

- Advocates more specific definition of PCS that distinguishes it from other wireless services. If a more specific definition is adopted, other issues such as regulatory status and eligibility will be easier to resolve (2).

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SOUTHWESTERN BELL CORPORATION
Reply Comments on 2 GHz Licensed PCS

Interest: Regional Bell Operating Company

Band plan:

- Supports 20 MHz allocations (+5 MHz reserve/carrier) and as many providers as possible (21-22).
- 80 MHz separation, however, favors frequency duplex systems and does not conform to existing OFS usage patterns (20-21).

Amount of spectrum per licensed system:

- Arguments for 40 MHz allocations like the UK are based on unreal market expectations and fail to consider US spectrum scarcity problems (20).

Service areas:

- Supports MSA/RSA licensing, consistent with DOJ recommendations and IVDS practice (12-13), since MSA/RSA licensing will not delay PCS (the delays in cellular were due to comparative hearings and rulemakings) (12-13).
- LATAs should not be used since, as AT&T previously argued, LATAs do not rationally relate to mobile boundaries (14).
- MTAs and BTAs should not be used since there is no widespread consensus that they represent commercial areas (they are not endorsed by the Census Bureau or any other established body), they are too large and limit entry, competitive parity with cellular would be precluded, and experience with these areas is limited (15-16).
- Nationwide licensing received little support, and should not be implemented because national licenses allow a handful of participants to dictate the implementation of PCS, limit diversity, lead to fewer manufacturing opportunities, and create competitive imbalances between PCS and cellular (16).
- MCI's consortium approach is impractical because the cellular experience has shown that partnerships are difficult to manage and impair prompt service; national consortia limit local innovation and participation; and the alleged simplicity of licensing national consortia through comparative hearings is misleading at best (16-18).

Cellular carrier participation:

- Eligibility restrictions are not in the public interest, since OPP has shown considerable scope economies; arguments against open eligibility are self-interested; allowing all

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qualified entities to compete advances Communications Act goals; and concerns about anticompetitive action are unfounded (adequate safeguards exist today and additional safeguards can be crafted if necessary) (4-5).

- Cellular carriers should not be restricted since cellular carriers have the experience needed to provide PCS; OPP has shown cellular/PCS scope economies; analog requirements constrain cellular PCS offerings using cellular spectrum; granting more spectrum to 2 GHz licensees competitively disadvantages cellular carriers; and cellular spectrum is less effective for PCS offerings (8-10). Arguments to delay cellular entry do little to alleviate inequities, since spectrum is unlikely to be available and opportunities will already be lost (10). Minority and non-controlling cellular interests should not, in any event, preclude PCS entry (10-11).

Local exchange carrier participation:

- LECs should not be restricted since LECs: have facilities necessary for PCS; have experience in RF systems; need to modernize their facilities; can offer more cost-effective service; will bring greater variety to the PCS market; will develop different types of wireless services than others; and have not acted anticompetitively in cellular (5-6).
- Delaying LEC participation is also unadvisable, since the market opportunity may be lost forever (7-8).

Regulatory status:

- Status election schemes are legal error, resulting in similar service with different regulatory regimes, thus defeating the goal of regulatory parity (22-23).
- Supports interconnection upon reasonable terms and conditions, but specific requirements are too speculative to be mandated now (18).
- Opposes equal access for PCS, since the justifications for equal access do not exist in a competitive market and MCI's arguments are factually incorrect or misleading (18-20).

Technical standards:

- Disagrees with UTC that sharing techniques should calculate potential interference without regard to the sharing technique employed; measurement-based techniques like IMASS are more accurate than any modeling -- modeling techniques suffer significant error margins; using median or maximum building heights is highly inaccurate; APC's suggested use of discrimination angles fails to recognize urban scattering or three dimensional antenna propagation patterns (24-27).

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SPRINT CORPORATION
Reply Comments on 2 GHz Licensed PCS

Interest: Interexchange carrier

Band plan:

- 90 MHz should be allocated for licensed PCS with the rest for unlicensed devices and spectrum reserve (5).

Amount of spectrum per licensed system:

- 30 MHz of spectrum is needed for full-featured PCS service. 20 MHz is insufficient to overcome interference expected from microwave users and to offer anything other than a niche service (2-4).
- Three PCS licensees is appropriate. Licensing 5 entities will result in niche players without direct competition or adequate spectrum (5).

Service areas:

- Most commenters supported the use of MSAs/RSAs for PCS licensing purposes. These smaller services areas will encourage rapid service availability, expedite provision of service to rural areas, stimulate the provision of specialized service to meet local needs, and encourage the participation of more entities (6-8).

Cellular carrier participation:

- Eligibility for PCS should not be precluded if an entity holds a 30% or less interest in a cellular license for the same market. If market areas larger than MSAs/RSAs are selected, Sprint proposes a formula for determining permissible proportional market interests (8-10).
- The 1% ownership attribution standard proposed in the Notice is not sufficiently tailored to address the anti-competitive harms it seeks to prevent and fails to take into account the expertise that minority cellular carriers could bring to PCS (9-13).

Local exchange carrier participation:

- Supports LEC participation except where the LEC holds an impermissible interest in the cellular licensee in the particular market area (13).
- If necessary to address competitive concerns, the Commission can impose non-structural safeguards and/or non-discriminatory interconnection requirements (13).

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TECO ENERGY, INC.
Reply Comments on 2 GHz Licensed PCS

Interest: Utility company

Service areas:

- For the "wholesale only" license, a national matrix of wholesale service areas should be allowed to develop naturally (1).

Licensing policies:

- Reiterates its proposal for allocating one "wholesale only" license that would be limited to selling capacity to resellers or government agencies. Such a proposal would facilitate entry by small and minority owned businesses (and thus diversify PCS participation beyond telecommunications giants) by eliminating the barrier to entry caused by large capital investment requirements (1-2).

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TELECOM CORPORATION OF NEW ZEALAND LTD.
Reply Comments on 2 GHz Licensed PCS

Interest: Telecommunications operator in New Zealand

Technical standards:

- TCNZ necessarily must rely on standards for mobile communication systems supported by other markets and carriers; it therefore is commenting on the NPRM (1).
- TCNZ is concerned that the comments have not given sufficient consideration to the role of international standards in the development of PCS in the U.S. (1).
- There is growing effort and support within the ITU for the development of an international standard for the next generation of mobile communications systems (2).
- The Commission should take steps to seek a better balance of competitive considerations with cooperative standards activities and should strongly encourage the PCS industry to work with other regional standards bodies and the ITU to ensure that the benefits of international standards compatibility are fully evaluated and articulated (2).

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TELEPHONE & DATA SYSTEMS, INC.
Reply Comments on 2 GHz Licensed PCS

Interest: Provider of telephone, cellular and paging services.

Band plan:

- There is widespread support for granting as many licenses as can be accommodated by available spectrum. (pp. 5-8). Specifically, the FCC should use 100 MHz in the 1850-1990 MHz band to license five providers with 20 MHz each. The Telocator PCS Spectrum Estimates for PCS Report does not support arguments for fewer providers with more spectrum. (pp. 26-31).
- Opposes the arguments of those commenters who advocate limiting to two or three the number of licensed PCS providers in each service area to preserve the profit opportunities for other licensees. (pp. 8-10; 29-30 (citing the OPP paper)).
- Opposes the arguments of commenters, such as Comsearch and MCI, who advocate limiting the number of providers so that added spectrum is available to each PCS provider to avoid incumbent 2 GHz interference. These commenters have not shown that added spectrum is necessary or appropriate. (pp. 10-11; 28-29).
- MCI cannot justify its proposal to limit competitive entry in order to preserve theoretical opportunities for trunking efficiency. (pp. 12-13).

Amount of spectrum per licensed system: 20 MHz.

- Cox's claim that 25 MHz or more spectrum is needed for each provider of wireless local loop services is unsupported and should be rejected. (pp. 30-31).
- FCC should not adopt multiple spectrum block sizes, thereby establishing different classes of PCS. (p. 31).

Service areas:

- Most commenters agree that PCS service areas should be defined to correspond to the MSA/RSA boundaries. (pp. 14-16).
- Nationwide PCS licensing is neither necessary nor beneficial to achieve the FCC's goals in this proceeding. (pp. 17-20). For similar reasons, APC's proposal to use Major Trading Areas should not be adopted. (pp. 20-23). LATA boundaries are unrelated to

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mobile service and should not be adopted. (p. 23).
Basic Trading Areas are not small enough. (p. 24).

- PCS licensing should be based solely on local MSA/RSA boundaries, not combinations of various service area sizes. (pp. 25-26).

Cellular carrier participation:

- Cellular/PCS cross-ownership both within and outside cellular service areas is widely supported in the economic studies submitted, contrary to the conclusions of DOJ and NTIA. The OPP Paper also found strong potential economies of scope. (pp. 36-38).
- Cellular carriers should not be limited to offering PCS only via cellular spectrum in their cellular service areas. (pp. 38-41).
- Cellular carriers should not be excluded from PCS to protect the profitability of other PCS providers. (p. 41).

Local exchange carrier participation:

- All the economic analyses submitted support allowing LECs to acquire PCS licenses in their telephone service areas under the same conditions as other PCS applicants. (pp. 32-35).

Licensing policies:

- A large number of commenters support lottery licensing procedures subject to stringent antispeculation safeguards. (p. 42).
- The use of auctions should be rejected even if Congress grants the FCC such authority because it favors those applicants with the deepest pockets. (pp. 42-43). Comparative hearings would delay the initiation of PCS service with no countervailing public benefits. (pp. 43-44).
- MCI's "national consortium" proposal and APC's "franchising" proposal are unjustified and should be rejected. (pp. 44-45).

Regulatory status:

- The FCC should classify PCS as common carriage because, as the comments of state regulators illustrate, the FCC lacks both a factual and a legal basis for classifying PCS as private carriage and preempting state regulation. (pp. 45-49).

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TELEPORT DENVER LTD.**Reply Comments on 2 GHz Licensed PCS**

Interest: Competitive access provider

Service areas:

- Supports MCI's consortium licensing proposal on grounds of enhancing efficiency, minimizing delay and cost, reducing the FCC's administrative burden, limiting speculation, fostering local participation and diversity of services, and simplification of standards development (2-5).

Cellular carrier participation:

- Cellular carriers should be barred because PCS and cellular will be similar services from a functional perspective, and cellular entry would not add diversity of service providers due to entry barriers caused by spectrum constraints (6-7).

Local exchange carrier participation:

- LECs should not be permitted to participate in PCS because they have a monopoly in local exchange services and the ability to favor or cross-subsidize their affiliated PCS providers (7).
- Prohibiting LEC provision of PCS will not preclude the public from receiving the benefits of LEC experience or facilities, since LECs could apply out of region and requiring fair and equitable interconnection tariffs will support PCS operations (8).

Licensing policies:

- Opposes lottery licenses because lotteries promote speculation and because high filing fees and requirements to file applications for individual markets will limit participation by smaller companies (3-4).

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